

Butler County

Estimated Economic Impact of Agriculture, Food, and Food Processing Sectors

10/3/14

15 agriculture, food, and food processing sectors were analyzed to determine their overall contribution to the Butler County economy.¹

These 15 sectors have a total direct output of approximately \$304 million and support 1,923.6 jobs in Butler County. Running the model for all 15 sectors simultaneously produces the following results:

Agriculture Contribution in Butler Co						
Impact Type ²	Employment	% Employment	Total Value Added ³	% of Gross Regional Product ⁴	Output ⁵	% of Gross Regional Product
Direct Effect	1,923.6	6%	60,967,313.6	3%	303,559,864.9	14%
Indirect Effect	129.8	0%	14,547,717.8	1%	22,250,903.7	1%
Induced Effect	223.9	1%	15,901,833.7	1%	24,024,269.1	1%
Total Effect	2,277.3	7%	91,416,865.0	4%	349,835,037.8	16%

As shown in the above table, agriculture, food, and food processing supports 2,277.3 jobs, or 7% of the entire workforce in the county. These industries provide a total economic contribution of approximately \$350 million, roughly 16% of Gross Region Product (GRP). As noted below in the calculation of Gross Regional Product, imports and institutional sales are subtracted. Therefore, counties that import a relatively large amount of goods and services will have a reduced GRP which may lead to agricultural output being greater than GRP.

Another metric used to calculate the importance of sectors in an economy is their value added as a percentage of GRP. Total value added by the 15 agriculture, food, and food processing sectors is approximately \$91 million, or 4% of the GRP. This indicates that personal income, business income, and taxes generated by these sectors account for 4% of the total economy.

¹ Article on building a contribution analysis in IMPLAN that avoids double counting:

http://www.implan.com/index.php?option=com_content&view=article&id=660%3A660&catid=253%3AKB33&Itemid=70

² Direct, indirect, and induced effects sum together to estimate the total economic contribution in the state. **Direct effects** capture the contribution from agricultural and food products. **Indirect effects** capture the economic benefit from farms and agricultural businesses purchasing inputs from supporting industries within the state. **Induced effects** capture the benefits created when employees of farms, agricultural businesses, and the supporting industries spend their wages on goods and services within the state.

³ Value added = labor income + indirect business taxes + other property type income.

⁴ GRP = final demand of households + governments expenditures + capital + exports - imports - institutional sales.

⁵ Output = intermediate inputs + value added.

The following tables document the overall summary numbers of the model, top industries affected by employment and output, and a listing of all industries that were analyzed.

In the top ten by employment, Cattle ranching and farming is the top employer in the agriculture industry with 568.2 employees. This table also shows the amount of jobs that are created by the agriculture industry in Butler County.

Description	Total Employment	Total Output
Cattle ranching and farming	568.2	149,936,904.6
Grain farming	466.1	45,651,245.2
Animal production, except cattle and poultry and eggs	401.3	34,265,369.5
Support activities for agriculture and forestry	324.7	271,727.8
Oilseed farming	80.8	21,915,321.1
Monetary authorities and depository credit intermediation activities	42.0	13,864,806.1
Food services and drinking places	36.4	2,014,931.6
Animal (except poultry) slaughtering, rendering, and processing	23.6	8,186,511.0
All other crop farming	22.7	13,945,312.2
Real estate establishments	22.3	3,102,712.9

The Cattle ranching and farming industry directly contributes approximately \$150 million to Butler County's economy. This table also shows how much revenue is generated in other industries by having a strong agriculture industry.

Description	Total Employment	Total Output
Cattle ranching and farming	568.2	149,936,904.6
Grain farming	466.1	45,651,245.2
Animal production, except cattle and poultry and eggs	401.3	34,265,369.5
Oilseed farming	80.8	21,915,321.1
Fertilizer manufacturing	10.6	17,458,138.5
All other crop farming	22.7	13,945,312.2
Monetary authorities and depository credit intermediation activities	42.0	13,864,806.1
Animal (except poultry) slaughtering, rendering, and processing	23.6	8,186,511.0
Imputed rental activity for owner-occupied dwellings	0.0	5,891,160.9
Dairy cattle and milk production	15.6	5,331,895.2

Below is a summary of all agriculture data with employment levels and output level. These values can tell how many jobs are represented by each agriculture sector and the output they contributed to Butler County's economy.

[illegible]

All 105 counties in Kansas have Implan models and agriculture contribution summary. These values do not factor in the retail environment of food sales. Food retail is important, but in order to provide the most accurate picture of what production agricultural and processing contributes to Kansas, the retail sector was omitted.